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**FISCAL IMPACT STATEMENT**

**LS 6983**

**BILL NUMBER: HB 1332**

**NOTE PREPARED: Jan 8, 2012**

**BILL AMENDED:**

**SUBJECT:** Property Assessed Clean Energy.

**FIRST AUTHOR:** Rep. Culver

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill authorizes the legislative body of a political subdivision to establish and administer a voluntary property assessed clean energy program to finance the installation of clean energy improvements by levying special assessments. It provides that a legislative body may authorize owner arranged financing or issue bonds in anticipation of collecting the special assessments to pay for the clean energy improvements.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary:*

(1) *Legislative Body/Board:* The county legislative body would have to complete a series of technical and administrative tasks with respect to this program including reviewing applications, contractual agreements, overseeing financial agreements, computing levy from special assessments, reviewing energy audits, and answer appeals from taxpayers.

The bill's requirements may represent an additional workload [and/or expenditure] on the board outside of its routine administrative functions, and it might be necessary to employ or contract for managerial, legal, technical, accounting and other assistance. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend on legislative and administrative actions.

(2) *County Auditor, Treasurer:* Under this bill, the county auditor and treasurer should be able to administer the special assessment, and the special fund set up to receive tax payments within existing resources.

(3) *Appeals:* The circuit or superior courts in counties with clean energy programs might experience an increase in cases because of lawsuits filed by taxpayers who have a disagreement with the county over a special assessment. However, the increase is expected to be minimal.

*Additional Information:*

This bill authorizes the legislative body of a political subdivision, except townships, to establish and administer a voluntary clean energy program. This program will finance the installation of clean energy improvements through a special assessment property tax levy.

To implement the program, the legislative body may adopt a resolution establishing the geographic boundaries of the clean energy improvement financing district, and describing the proposed method of financing (e.g. grants, loans, bonds). The boundaries of a district does not have to coincide with those of the political subdivision. The program is limited to commercial, industrial, and agricultural property (except homesteads), and also to approved post-secondary educational institutions as defined under current law. The bill permits the legislative bodies of two or more political subdivisions to form a single district as long as at least one of the legislative bodies has the authority to issue bonds.

A property owner who wishes to participate in the program has to submit an application to the legislative body/board describing the property on which the clean energy improvements will be installed, together with a description and estimate of the cost of the proposed improvements. Additionally, the property owner must agree to the imposition of a special assessment levy on the property. At the time of applying for the program, the taxpayer should not be liable for any delinquent payments on the property for two years, or for the length of time the taxpayer has owned the property if it is less than the previous two years.

The taxpayer would have to conduct a baseline energy audit to establish future energy savings and to verify to the board that the clean energy improvement is installed properly and is operating as intended. For projects estimated to cost more than \$250,000, the taxpayer has to provide the board with on-going measurements that establish energy savings realized from the installation of the clean energy improvement, and a written guarantee by the contractor that installed the clean energy improvement that the savings would exceed the cost. The contractor has to reimburse the taxpayer for any shortfall in savings below the guaranteed level.

The board can approve or deny the application, and can adjust assessments to ensure that the computed property tax levy is adequate to repay the bonds. A property owner may withdraw or amend an application at anytime before a special assessment is levied on the owner's property. The board may also authorize financing from a commercial lender. Under this arrangement, the levy would be paid to the lender. A delinquent levy becomes a lien on the property on which the clean energy improvement is installed.

The board shall have an assessment roll prepared, and has to compute the special assessment levy on each property in the district for which one or more clean energy improvements would be financed. The assessment roll, after being reviewed by the board, would be delivered to the auditor and treasurer, and the municipal fiscal officer if the financing is initiated by the municipality. The decision of board is final. However, a taxpayer may appeal a special assessment to the circuit or superior court for the county in which the assessed

property is located. All tax levies are payable to the treasurer.

If the board issues bonds the proceeds from the property taxes shall be deposited in a special fund in order to service the bond payments. The board may issue bonds in anticipation of the collection of the assessments to finance the installation of clean energy improvements in the district. Bonds will be issued for 20 years, and taxpayers would be billed in twenty equal annual installments one for each year of the bond. The board shall use the proceeds of the bonds issued to pay the costs of the clean energy improvements for the properties for which applications were approved.

The county treasurer shall administer the special assessment in the same manner that property taxes are billed, collected and enforced. The county treasurer shall specify on each property tax statement that the assessment is separate and distinct from the property tax.

**Explanation of Local Revenues:**

**State Agencies Affected:**

**Local Agencies Affected:** County Auditors, County Treasurers, County Circuit Courts, and County Superior Courts of counties with Clean Energy Improvement Districts; Political Subdivisions with Clean Energy Improvement Districts.

**Information Sources:**

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